



# भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II — खण्ड 2

PART II — Section 2

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं० 25]

नई दिल्ली, सोमवार, मई 15, 2006 / वैशाख 25, 1928

No. 25]

NEW DELHI, MONDAY, MAY 15, 2006 / VAISAKHA 25, 1928

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

## LOK SABHA

The following Bill was introduced in the Lok Sabha on 15th May, 2006:—

### BILL NO. 42 OF 2006

*A Bill to repeal the Agricultural Produce Cess Act, 1940 and the Produce Cess Act, 1966.*

BE it enacted by Parliament in the Fifty-seventh Year of the Republic of India as follows:—

1. This Act may be called the Produce Cess Laws (Abolition) Act, 2006.

Short title.

2. The Agricultural Produce Cess Act, 1940 is hereby repealed.

Repeal  
of Act  
27 of 1940.

3. The Produce Cess Act, 1966 is hereby repealed.

Repeal  
of Act  
15 of 1966.

4. (1) The repeal by this Act of any enactment shall not,—

Savings.

(a) affect any other enactment in which the repealed enactment has been applied, incorporated or referred to;

(b) affect the validity, invalidity, effect or consequences of anything already done or suffered, or any right, title, obligation or liability already acquired, accrued or incurred or any remedy or proceeding in respect thereof, or any release or discharge of

or from any debt, penalty, obligation, liability, claim or demand, or any indemnity already granted, or the proof of any past act or thing;

(c) affect any principle or rule of law, or established jurisdiction, form or course of pleading, practice or procedure, or existing usage, custom, privilege, restriction, exemption, office or appointment, notwithstanding that the same respectively may have been in any manner affirmed or recognised or derived by, in or from any enactment hereby repealed;

(d) revive or restore any jurisdiction, office, custom, liability, right, title, privilege, restriction, exemption, usage, practice, procedure or other matter or thing not now existing or in force.

(2) The mention of particular matters in sub-section (1) shall not be held to prejudice or affect the general application of section 6 of the General Clauses Act, 1897, with regard to the effect of repeals. 10 of 1897.

Collection and  
payment of  
arrears of  
duties.

5. Notwithstanding the repeal of the enactments specified in section 2 and section 3, the proceeds of duties levied under the said enactments immediately preceding date on which the Produce Cess Laws (Abolition) Bill, 2006 receives the assent of the President,—

(i) if collected by the collecting agencies but not paid into the Reserve Bank of India; and

(ii) if not collected by the collecting agencies,

shall be paid or as the case may be, collected and paid into the Reserve Bank of India for being credited to the Consolidated Fund of India.

## STATEMENT OF OBJECTS AND REASONS

The Agricultural Produce Cess Act, 1940, *inter alia*, provides for the imposition of a cess on certain articles such as Bones, Butter, Cereals other than Rice and Wheat, Drugs, Fish, Fruits, Ghee, Oil Cakes, Spices, Vegetables, Sheep or Lamb wool and animal hair, etc., by way of customs duty on export to make better financial provision for the Indian Council for Agricultural Research. Similarly the Produce Cess Act, 1966 provides for the imposition of cess on certain produce such as Lac, Refuse lac produced in India and Cashew Kernel when they are exported beyond the limits of India, for the improvement and development of the methods of cultivation and marketing of the said produce.

2. The cess under these Acts is a tax on exports. In the present national and international context, it is bad economics to tax exports. From a national perspective, agricultural exports are being seen as a means to augment farm incomes. Exports are being incentivised through schemes, which involve foregoing of revenue. Taxing some of these very exports, which are being incentivised, is inconsistent and illogical. From the international perspective also, it seems irrational on our part to levy a tax on agricultural exports, when many other countries are aggressively promoting their agricultural exports through large subsidies. These subsidies impact adversely on the competitiveness of our exports. Continuance of a cess on agricultural produce will only make the exports more expensive and uncompetitive.

3. The cess levied under the Acts referred to above is unambiguously an export tax. Imposition of such an export tax is clearly anomalous and runs counter to policy. It reduces competitiveness of agricultural exports and is plainly unjustifiable. The only action consistent with Government's avowed policy is to do away with all cesses on agricultural exports collected under above said statutes.

4. The enactments levying the cess do not contain any provision for grant of exemption. It is, therefore, proposed to repeal the Agricultural Produce Cess Act, 1940 and the Produce Cess Act, 1966 to abolish cess on the export of agricultural products levied under the respective Acts.

5. The Bill seeks to achieve the above objects.

NEW DELHI;  
The 28th March, 2006

SHARAD PAWAR.

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PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 AND 274 OF THE  
CONSTITUTION OF INDIA

[Copy of letter No. 13011/7/05-Trade, dated the 20th April, 2006 from Shri Sharad Pawar, Minister of Agriculture and Consumer Affairs Food and Public Distribution to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject of the proposed Cess Acts Repealing Bill, 2006 recommends to the House the introduction under articles 117(1) and 274(1) and consideration of the Bill under article 117(3) of the Constitution.

## FINANCIAL MEMORANDUM

The proposed Bill provides for repealing of the Agricultural Produce Cess Act, 1940 and the Produce Cess Act, 1966 to abolish cess on the export of certain agricultural produces levied under the respective Acts.

2. No recurring or non-recurring expenditure is involved in the administration of the proposed legislation.

P.D.T. ACHARY,  
*Secretary-General.*